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KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
THE UNIVERSITY OF LOUISIANA AT MONROE

Financial Statements
For the Years Ended June 30, 2011 and 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 08 2012**



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JUNE 30, 2011 AND 2010

INDEX

	<u>Page</u>
Independent Auditors' Report -----	1
Statements of Financial Position -----	2
Statements of Activities -----	3
Statements of Cash Flows -----	4
Notes to Financial Statements -----	5-8

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
University of Louisiana at Monroe:

We have audited the accompanying statements of financial position of KEDM (A Public Telecommunications Entity operated by University of Louisiana at Monroe) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KEDM as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana

November 11, 2011

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2011	2010
<u>ASSETS</u>		
Claim on Cash	\$ 168,943	\$ 151,077
Accounts Receivable	-	104
Prepaid Expenses	1,597	-
Equipment, Net	398,726	453,017
<u>TOTAL ASSETS</u>	\$ 569,266	\$ 604,198
 <u>LIABILITIES</u>		
Accounts Payable	\$ -	\$ 647
 <u>NET ASSETS</u>		
Temporarily Restricted	26,701	35,913
Unrestricted	542,565	567,638
Total Net Assets	569,266	603,551
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 569,266	\$ 604,198

The accompanying notes are an integral part of these financial statements.

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENTS OF ACTIVITIES

	For the Years Ended June 30,	
	<u>2011</u>	<u>2010</u>
<u>Changes in Unrestricted Net Assets</u>		
Revenues & Gains:		
Contributions		
Underwriting	\$ 66,046	\$ 75,030
Membership	86,657	83,348
Special Events and Other	1,179	1,581
CPB Fiscal Stabilization Grant	-	12,296
Tower Rental Revenue	14,616	-
Support Provided by the University of Louisiana at Monroe	236,922	242,285
Total Unrestricted Revenues & Gains	<u>405,420</u>	<u>414,540</u>
<u>Net Assets Released From Restrictions</u>		
Satisfaction of Program Restrictions	145,762	187,851
Total Unrestricted Revenues & Gains, and Other Support	<u>551,182</u>	<u>602,391</u>
<u>Expenses</u>		
Advertising	-	737
Depreciation	54,291	53,686
Dues & Subscriptions	125,252	126,483
Maintenance	996	4,023
Materials & Supplies	5,332	679
Occupancy	66,554	68,363
Other	-	777
Postage & Shipping	3,294	2,018
Printing	1,894	2,298
Professional Fees	5,000	5,000
Salaries & Wages	270,888	249,869
Telephone	525	440
Travel	910	2,028
Utilities	41,319	38,644
Total Expenses	<u>576,255</u>	<u>555,045</u>
Change in Unrestricted Net Assets	\$ (25,073)	\$ 47,346

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENTS OF ACTIVITIES (continued)

	For the Years Ended	
	June 30,	
	2011	2010
<u>Changes in Temporarily Restricted Net Assets</u>		
Corporation for Public Broadcasting - Community Service Grant	\$ 116,075	\$ 102,373
Corporation for Public Broadcasting - Digital Radio Conversion Grant II	-	23,573
Corporation for Public Broadcasting - RLAIIF Grant	20,475	19,500
Net Assets Released From Restrictions	(145,762)	(187,851)
Change in Temporarily Restricted Net Assets	(9,212)	(42,405)
<u>Change in Net Assets</u>	(34,285)	4,941
<u>Net Assets at Beginning of Year</u>	603,551	598,610
<u>NET ASSETS AT END OF YEAR</u>	\$ 569,266	\$ 603,551

The accompanying notes are an integral part of these financial statements.

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
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STATEMENTS OF CASH FLOWS

	For the Years Ended	
	June 30,	
	2011	2010
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ (34,285)	\$ 4,941
Adjustments to Reconcile Change in Net Assets for the year to Net Cash Provided by Operating Activities:		
Depreciation	54,291	53,686
Decrease in Accounts Receivable	104	115,273
Increase in Prepaid Expenses	(1,597)	-
Decrease in Accounts Payable	(647)	(40,461)
Total Adjustments	52,151	128,498
Net Cash Provided by Operating Activities	17,866	133,439
<u>Cash Flows From Investing Activities</u>		
Purchase of Equipment	-	(21,458)
<u>Net Increase in Cash and Cash Equivalents</u>	17,866	111,981
<u>Claim on Cash at Beginning of Year</u>	151,077	39,096
<u>CLAIM ON CASH AT END OF YEAR</u>	\$ 168,943	\$ 151,077

The accompanying notes are an integral part of these financial statements.

KEDM
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OPERATED BY THE UNIVERSITY OF LOUISIANA at MONROE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies

A. Organization

KEDM (the Station) is a noncommercial radio station operated by the University of Louisiana at Monroe. The Station adheres to the standards of accounting and reporting as described in Principles of Accounting and Financial Reporting for Public Telecommunication Entities published by the Corporation for Public Broadcasting.

B. Basis of Accounting

The financial statements of the Station have been prepared on the accrual basis. The significant accounting policies followed by the Station are described below to enhance the usefulness of the financial statements to the reader.

C. Basis of Presentation

FASB Accounting Standards Codification (ASC) section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Station and/or the passage of time. There were \$26,701 and \$35,913 in temporarily restricted net assets at June 30, 2011 and 2010, respectively. Temporarily Restricted Net Assets are restricted for expenses allowed by the Corporation for Public Broadcasting.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Station. Generally, the donors of these assets permit the Station to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2011 and 2010, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies (continued)

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Revenue Recognition

Membership contributions and support from the University are recorded as revenue in the Statement of Activity when received. Restricted gifts and grants are recorded as revenue in the Statement of Activity to the extent that they have been expended for the purpose specified by the donor or grantor during the period.

F. Donated Facilities and Administrative Support

Donated facilities and administrative support from the University consist of office and studio space and an allocation of costs and certain other expenses incurred by the University on behalf of the Station.

Note 2 - Property and Equipment

Fixed assets are stated at cost when purchased or constructed. If acquired by gift, they are recorded at an objective, verifiable basis which is, in the judgement of Station management, a fair value for the Station's purposes (no independent third party appraisal is obtained). Expenditures for repairs and maintenance are charged to operating expense as incurred. Fixed assets are depreciated using the straight-line method over the estimated useful lives (5-30 years) of the individual assets. Depreciation expense amounted to \$54,291 and \$53,686 in 2011 and 2010, respectively.

Net property value at June 30, 2011 was as follows:

	<u>At Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Furniture & Fixtures	\$ 12,365	\$ 12,365	\$ -
Office Equipment	66,977	50,781	16,196
Radio Tower	240,000	161,333	78,667
Transmitter and Digital Equipment	251,929	50,386	201,543
Antenna and Transmission Line	127,641	25,528	102,113
Electronic Equipment	380,052	379,845	207
<u>TOTAL</u>	<u>\$ 1,078,964</u>	<u>\$ 680,238</u>	<u>\$ 398,726</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 2 - Property and Equipment (continued)

Net property value at June 30, 2010 was as follows:

	At Cost	Accumulated Depreciation	Net
Furniture & Fixtures	\$ 12,365	\$ 12,365	\$ -
Office Equipment	66,977	42,923	24,054
Radio Tower	240,000	153,333	86,667
Transmitter and Digital Equipment	251,929	25,193	226,736
Antenna and Transmission Line	127,641	12,764	114,877
Electronic Equipment	380,052	379,369	683
<u>TOTAL</u>	<u>\$ 1,078,964</u>	<u>\$ 625,947</u>	<u>\$ 453,017</u>

Note 3 - Digital Conversion Project I

KEDM completed two major capital projects during the fiscal year ended June 30, 2009. The first consisted of a power increase from 87.1 kilowatts to 100 kilowatts, funded by a federal grant from the Public Telecommunications Facilities Program, cooperative endeavor agreements administered by the Louisiana Educational Television Authority controlling the distribution of state funds, and locally-raised private funds. The second capital project consisted of the conversion of KEDM's transmission facilities to enable digital broadcasts, funded by a grant from the Corporation for Public Broadcasting, a special allocation from the State of Louisiana, and locally-raised private funds.

Note 4 - Digital Conversion Project II

KEDM completed a capital project during the fiscal year ended June 30, 2010, to add digital HD2 and HD3 transmission and programming capabilities, funded by a grant from the Corporation for Public Broadcasting and locally raised private funds.

Note 5 - Temporarily Restricted Net Assets

Temporarily Restricted Net Assets is comprised of revenue from a Corporation for Public Broadcasting ("CPB") Community Service Grant ("CSG"). The CSG contains the following restrictions:

1. No CPB funds shall be used for purposes of conducting any reception, or providing any other entertainment, for any officer or employee of the federal government or any state or local government.
2. No CPB funds shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence legislation or appropriation before Congress or any state legislature.

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Note 5 - Temporarily Restricted Net Assets (continued)

3. No CSG funds may be expended on the production, acquisition or distribution of programs which do not qualify under CPB's Broadcast Schedule of eligibility criterion. Such programs include any that further the principles of particular, political or religious philosophies, or that are designed primarily for in-school or professional in-service audiences.
4. The station's licensee may not impound or otherwise withhold or inappropriately restrict the use of CSG funds by the station. CSG funds may not be used to supplant funds or other support already being provided to the station by the licensee, or to offset budgeting cutbacks by the licensee. For purposes of these General Provisions and Eligibility Criteria, "supplant" is defined as "to reduce the amount of funds or other support already being provided by the licensee in proportion to, or because of, funding through the CSG."
5. CSG funds may not be used to offset an institutional licensee's overhead or expenses.
6. CSG funds or proceeds from the liquidation or transfer of assets acquired with CSG funds must be used solely for the benefit of the public broadcast station.
7. Full-time station personnel whose salaries are paid by CSG funds must exercise full-time responsibilities over broadcast station operations. Such personnel shall not be required by the licensee to perform duties unrelated to the operation of the broadcast station.
8. CSG funds shall not be used by the grantee for personnel services, programming (both production and acquisition), or technical facilities in excess of standard amounts usually paid, charged or otherwise applied by the grantee for the same services and facilities under similar circumstances.
9. Grantee agrees that if, at any time during the grant period covered by this agreement, it should cease to provide the public broadcasting services for which this grant is made, it shall, upon request of CPB, return any or all of the grant funds to CPB.
10. Approximately 26 percent of the CSG must be spent on national program production and acquisition. This portion of the CSG must be used exclusively for the acquisition, production, promotion, and/or distribution of national programming of high quality, diversity, creativity, excellence, and innovation, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature.

Net assets were released from grantor restrictions by incurring expenses satisfying the purpose specified by the grantor as follows.

Corporation for Public Broadcasting	<u>\$145,762</u>
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Note 6 - Subsequent Events

Subsequent events have been evaluated through November 11, 2011, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.